

9 OCT 1985



DEPARTMENT OF THE NAVY

OFFICE OF THE ASSISTANT SECRETARY
(SHIPBUILDING AND LOGISTICS)
WASHINGTON, D C 20360

26 September 1985

MEMORANDUM FOR MR. J. W. ERMERINS, CHAIRMAN, COMMERCIAL COST PRINCIPLES COMMITTEE

Subj: DAR Case 85-194, "Nominal Changes to FAR 31.2"
DAR Case 85-195, "Membership Costs"
DAR Case 85-196, "Alcoholic Beverages"
DAR Case 85-197, "Lobbying Executive Branch"
DAR Case 85-198, "Professional and Consulting Services"
DAR Case 85-199, "Selling and Marketing"
✓ DAR Case 85-200, "Automobiles, Providing"

Encl: (1) Section 911 of Defense Procurement Improvement Act of 1985
(Title IX of S.1160, DoD Authorization Act of 1986)

The attached Section 911, "Regulations Relating to Allowable Costs," of the Defense Procurement Improvement Act of 1985 (Title IX of S.1160, DoD Authorization Act of 1986), requires the costs listed in paragraph (e) to be declared not allowable in the appropriate regulations, including appropriate definitions, exclusions, limitations and qualifications, and for those costs listed in paragraph (f), it requires definition in detail and in specific terms those costs which are unallowable; and at a minimum, the regulations dealing with the costs listed in paragraph (f) shall be clarified.

Further action by your Committee is not required for the following costs which are listed in the Act:

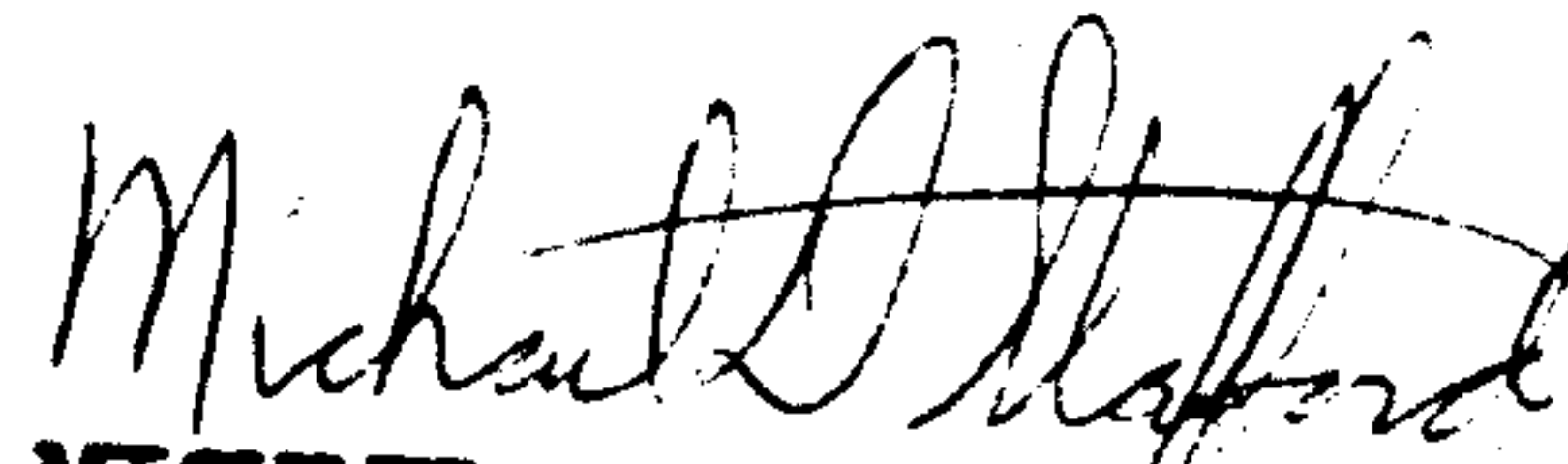
- o Advertising
- o Promotional items and memorabilia
- o Standard commercial airfare
- o Air shows
- o Community relations
- o Dining facilities
- o Compensation
- o Travel
- o Public relations
- o Corporate aircraft
- o Advertising

Under each of the subject cases, you are requested to review present FAR coverage and to recommend changes in order to comply with the Act. Under DAR Case 85-194, include the following:

- o Entertainment
- o Lobbying legislative bodies
- o Defense of fraud

- o Fines and penalties
- o Contributions and donations
- o Membership in civic, community and professional organizations
- o Employee morale and welfare
- o Hotel and meals

It is requested that each of the subject case reports be submitted by 22 November 1985.



MICHAEL D. STAFFORD
Navy Policy Representative
Defense Acquisition Regulatory
Council

Copy to:
Commercial Cost Principles Committee Members
DAR Council Members, w/o encl